

**TESTIMONY IN SUPPORT OF LEGISLATIVE ACTION TO FACILITATE
IRMA OPERATIONS**

**TESTIMONY BEFORE
THE INSURANCE AND REAL ESTATE COMMITTEE
OF THE CONNECTICUT GENERAL ASSEMBLY**

HB – 5011

My name is John Patton. I am a member of the MIRMA Board of Directors and the Chairman of the MIRMA Finance Committee.

In 2001, as the First Selectman of Willington, CT, I helped in the creation of the Municipal Interlocal Risk Management Agency (MIRMA) along with the First Selectman from the Town of Chaplin. We formed MIRMA because there was a need to assist the small to medium towns with risk management services as well the need to bring competition to the insurance marketplace for all Connecticut Cities, Towns and Local Public Agencies. At the time MIRMA started operations in 2002, the primary provider of municipal insurance in the State of Connecticut was an IRMA that was started 22 years earlier. Municipalities did not have much of a choice when it came to an insurance provider. Even with MIRMA, insurance providers for the municipal market are still limited but at least there is some competition.

However, any company that is new encounters difficulty in attracting business. An IRMA is no different. It is hard to convince municipalities to help support a new non-profit insurer even if it is competitive in pricing and offers superior service. You have to go out and prove that you do to offer superior service. It takes time to develop a name and reputation for doing what you say that you will do. MIRMA has done just that. This is reflected in the fact that only one member in the last three years did not renew with MIRMA while thirteen members have been added in that same time period. Members are constantly telling us what a great job that we are doing in the area of services. Members have turned out to be our best sales staff.

In addition to service, MIRMA has positioned itself with an excellent reinsurance package with Best Rated A+ carriers. MIRMA has a low retention on a specific occurrence and then coverage to the statutory limits required in CT, as well as unlimited aggregate coverage. Unfortunately, even with these low reinsurance attachment points, MIRMA found itself in a deficit position, in part due to large losses and IBNR. The MIRMA Board has voted unanimously to assess members from July 1, 2002 through June 30, 2009 to eliminate the deficit. As of July 1, 2009, the MIRMA Board named Trident Insurance Company as its Third Party Administrator (TPA) and the Argonaut Insurance Company as its reinsurance provider. The MIRMA's reinsurance coverage for the current year covers all losses in excess of the loss fund. This virtually makes MIRMA a non-assessable program.